

Message Text

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46

ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 PER-03 AID-05 CIAE-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 FEAE-00

INT-05 (ISO) W

----- 088457

P R 061315Z FEB 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 3890

INFO USDOC WASHDC

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS SECTION 1 OF 2 NEW DELHI 1919

E.O. 11652: N/A

TAGS: BEXP AFSP

SUBJECT: CCP-77: RECOMMENDATIONS ON CONTENT OF
SECTIONS I AND II

REF: STATE A-7369 (75)

1. AFTER CONSULTING CONSTITUENT POSTS, CCAG MET, REVIEWED
AND APPROVED FOLLOWING REVISED SECTIONS I AND II. SECTION
III WILL FOLLOW SHORTLY.

2. SECTION I: OVERVIEW

PARA 1 - INDIA'S GNP, AT CONSTANT (1969-70) PRICES,
ROSE 1.8 PERCENT DURING IFY 1974-75 AND APPEARS HEADED
FOR A SUBSTANTIALLY HIGHER GROWTH RATE (PERHAPS 5-6 PERCENT)
DURING IFY 1975-76. CAPITAL INVESTMENTS, HOWEVER,
CONTINUE TO BE LOW IN COMPARISON TO PROJECTED CAPITAL
REQUIREMENTS. ON THE MORE POSITIVE SIDE, THE GOI HAS
SUCCESSFULLY CONTAINED THE RUNAWAY 25 PERCENT ANNUAL
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INFLATION RATE, THAT OCCURRED IN IFY 1974-75, TO AN

IMPRESSIVE MINUS 2.5 PERCENT IN WHOLESALE PRICES DURING IFY 1975-76 (THROUGH JANUARY 1975). A RECORD GRAIN HARVEST OF 109-11 MILLION METRIC TONS APPEARS LIKELY IN 1975-76. ECONOMIC POLICIES ARE GRADUALLY TAKING A MORE PRAGMATIC TURN. EMPHASIS IS NOW BEING GIVEN TO SIMPLIFYING EXPORT-IMPORT PROCEDURES AND RATIONALIZING FOREIGN INVESTMENT CRITERIA IN AN EFFORT TO CREATE A MORE CONFIDENT INVESTMENT CLIMATE. IT IS STILL UNCLEAR, HOWEVER, HOW FAR INDIA IS PREPARED TO GO IN THIS DIRECTION. THESE UNCERTAINTIES NOTWITHSTANDING, INDIA CONTINUES TO BE THE MAJOR ECONOMIC ENTITY AND LEADING US TRADING PARTNER IN SOUTH ASIA. DUE PRIMARILY TO AN INCREASE IN PURCHASES OF US AGRICULTURAL COMMODITIES, US EXPORTS ROSE FROM DOLS760 MILLION IN IFY 1974-75 TO DOLS1.2 BILLION IN IFY 1975-76. HOWEVER, UN NON-AGRICULTURAL EXPORTS ALSO ROSE SUBSTANTIALLY DUE TO INDIA'S INCREASED EMPHASIS ON ATTAINING SELF-SUFFICIENCY IN OIL, AND EXPANDING ITS EXPORT-ORIENTED INDUSTRIES. THE PRINCIPAL FACTOR DETERMINING MAJOR PROCUREMENT DECISIONS IS THE MINIMIZING OF FOREIGN EXCHANGE COSTS. IN THIS REGARD, INDIA'S ANTICIPATED TRADE DEFICIT OF DOLS1.5-DOLS2 BILLION IN IFY 1976-77 WILL LARGELY BE MET THROUGH EXTERNAL FINANCING ARRANGEMENTS. ON THE FOREIGN INVESTMENT SIDE, THERE ARE APPROXIMATELY 400 US FIRMS THAT HAVE INTERESTS IN INDIA - REPRESENTING A BOOK VALUE OF ROUGHLY DOLS350 MILLION.

NEW US FOREIGN INVESTMENT ENTERING INDIA HAS BEEN NEGLIGIBLE IN THE LAST FIVE YEARS, AND IS MORE THAN OFFSET BY THE DISINVESTMENT BY LARGE US OIL COMPANIES.

PARA 2 - THE PRINCIPAL COMMERCIAL OBJECTIVES OF THE USG IN INDIA ARE (1) TO INCREASE THE US SHARE OF IMPORTS FINANCED WITH FREE FOREIGN EXCHANGE AND CREDITS EXTENDED BY INTERNATIONAL FINANCIAL INSTITUTIONS, (2) TO IDENTIFY POTENTIAL MARKETS FOR COMMODITIES, INDUSTRIAL MACHINERY AND ENGINEERING SERVICES THROUGH MARKET RESEARCH FOCUSED ON HIGH PRIORITY AREAS, (3) TO MONITOR LARGE-SCALE INDUSTRIAL AND INFRASTRUCTURAL PROJECTS BEING FINANCED BY THIRD COUNTRIES OR INTERNATIONAL FINANCIAL INSTITUTIONS, AND IDENTIFY SPECIFIC OPPORTUNITIES FOR US SUPPLIER, (4) TO CONTINUE DISCUSSIONS WITH THE GOI WITH RESPECT TO THE UNCLASSIFIED

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STATUS OF EXISTING US INVESTMENT IN INDIA WITH PARTICULAR REFERENCE TO THE IMPLEMENTATION OF THE FOREIGN EXCHANGE REGULATION ACT OF 1974, (5) TO RENDER APPROPRIATE ASSISTANCE TO THE GOI EFFORT TO PROMOTE INDIAN EXPORTS, (IN VIEW OF THE CONTINUING BALANCE OF PAYMENTS DEFICIT) AND (6) TO FOSTER AN ONGOING DIALOGUE WITH THE GOI IN AN EFFORT TO DETERMINE MUTUALLY ACCEPTABLE ROLES US FIRMS MAY PLAY IN BOTH EXISTING AND FUTURE JOINT VENTURE/TECHNICAL

COLLABORATION AGREEMENTS, IN INDIA AND IN THIRD COUNTRIES.

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 PER-03 AID-05 CIAE-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 FEAE-00

INT-05 /084 W

----- 086960

P R 061315Z FEB 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 3891

INFO USDOC WASHDC

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS SECTION 2 OF 2 NEW DELHI 1919

PARA 3 - IN SUPPORT OF US COMMERCIAL OBJECTIVES, PRIORITY EMPHASIS WILL FOCUS ON THE PROMOTION OF THE FOLLOWING PRODUCT CATEGORIES: US OILFIELD MACHINERY AND EQUIPMENT, MINING MACHINERY AND EQUIPMENT, ELECTRONICS AND COMMUNICATIONS EQUIPMENT, PROCESS CONTROL INSTRUMENTATION, PUMPS, VALVES AND COMPRESSORS, CHEMICAL AND FERTILIZER PLANT EQUIPMENT, AND THERMAL-POWER GENERATION EQUIPMENT. PRIORITY WILL ALSO BE GIVEN TO THOSE ACTIVITIES THAT DIRECTLY SUPPORT OUR EFFORTS TO IMPROVE THE TRADE AND INVESTMENT CLIMATE IN INDIA. TO ACHIEVE THIS OBJECTIVE, MAXIMUM USE WILL BE MADE OF THE INDO-US JOINT COMMISSION.

SECTION II - PERSONNEL RESOURCES LIST

1) 1.1. NEW DELHI

E/C COUNSELOR 0-1

COMMERCIAL COUNSELOR R-3

MINERALS ATTACHE RU-3
ECONOMIC OFFICER R-3
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ECONOMIC OFFICER 0-3
ECONOMIC OFFICER 0-4
ECONOMIC OFFICER R-5
COMMERCIAL ATTACHE 0-5
COMMERCIAL OFFICER R-5

S-6
S-8
S-8
S-8
S-8

L-1 SAHI
L-1 MATHUR
L-2 SACHDEVA
L-3 L. SINGH
L-3 T. SINGH
L-3 GUPTA
L-3 RAJ
L-4 KAPOOR
L-5 SUBRAMANIAM
L-6 MEHTA
L-7 SAPRU

1.2. BOMBAY

CONSUL GENERAL 0-1
E/C OFFICER 0-4
E/C OFFICER R-6
L-1 VACANT
L-1 VACANT
L-1 SIVARAM
L-2 PINGE
L-4 VAKIL
L-6 RANGARAJ
L-6 DESOUZA
L-6 PEREIRA

1.3 CALCUTTA

CONSUL GENERAL P-2
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E/C OFFICER 0-5
E/C OFFICER R-5
E/C OFFICER R-6
L-2 GUPTA
L-3 RAMAN
L-4 BALASUBRAMANIAM
L-5 CHATTERJEE
L-6 KRISHNAMURTHY
L-7 RAY

1.4 MADRAS

CONSUL GENERAL 0-3
E/C OFFICER 0-4
E/C OFFICER R-8
L-3 FRANCIS
L-6 SUBRAMANIAN
L-6 DHANUSKODI
L-9 WILLS

2. NON-E/C PERSONNEL

2.1 NEW DELHI

AGATT GS-15
DEPUTY AGATT GS-13
FINATT GS-13
GS-6
GS-7
L-1
L-2
L-3
L-6

2.2 BOMBAY

AGATT GS-14

3. COUNTRY COMMERCIAL ACTION GROUP (CCAG)

(A) ECONOMIC COUNSELOR
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(B) COMMERCIAL COUNSELOR
(C) COMMERCIAL ATTACHE
(D) MINERALS ATTACHE
(E) PUBLIC AFFAIRS OFFICER

4. WASHINGTON COMMERCIAL ACTION GROUP (WCAG)

(A) COMMERCE - COUNTRY MARKETING MANAGER

(B) STATE - COMMERCIAL COORDINATOR (NEA/RA)

- COUNTRY OFFICER -(NEA/INS)

- REPRESENTATIVE OF EB/OCA/BR

(C) USIS - DESK OFFICERSAXBE

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Disposition Reason:
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